

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 SS-15 EB-07 L-03 NSC-05 FRB-03
SEC-01 OMB-01 COME-00 H-01 SP-02 CIAE-00 INR-07
NSAE-00 SSO-00 NSCE-00 INRE-00 PA-01 PRS-01 USIE-00
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O 150725Z DEC 76
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC NIACT IMMEDIATE 7536

C O N F I D E N T I A L BUDAPEST 4180

E.O. 11652: GDS
TAGS: EFIN, HU
SUBJECT: WORLD WAR I FLOUR DEBT

REF: (A) BUDAPEST 4175, (B) STATE 302703

1. FOLLOWING IS TEXT OF USG DRAFT NOTE:

A. QTE: THE EMBASSY OF THE UNITED STATES OF AMERICAN
PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS
OF THE HUNGARIAN PEOPLE'S REPUBLIC AND HAS THE HONOR TO
REFER TO THE MINISTRY'S NOTE NO. 1230-5/1976 DATED
OCTOBER 5, 1976, TO DISCUSSIONS BETWEEN THE TWO GOVERNMENTS
ON NOVEMBER 4, 1976, AND OTHER CONVERSATIONS AND NOTES
BETWEEN AMERICAN AND HUNGARIAN OFFICIALS RELATING TO
OBLIGATIONS OF THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S
REPUBLIC ARISING FROM THE AGREEMENTS OF APRIL 25, 1924,
AND MAY 27, 1932.

B. THE GOVERNMENT OF THE UNITED STATES OF AMERICA
WELCOMES THE PROGRESS THAT HAS BEEN MADE SINCE DISCUSSIONS
WERE RESUMED NOVEMBER 4, 1976. AS A RESULT OF THESE
AND SUBSEQUENT DISCUSSIONS, THE GOVERNMENT OF THE UNITED
STATES UNDERSTANDS THAT THE GOVERNMENT OF THE HUNGARIAN
PEOPLE'S REPUBLIC, IF FULL PAYMENT OF ALL ARREARAGES
OF PRINCIPAL AND INTEREST ARISING FROM THE AGREEMENTS
OF 1924 AND 1932, WILL DEPOSIT ON DECEMBER 15, 1976, THE
AMOUNT OF \$4,327,271.44 TO THE GENERAL FUND ACCOUNT OF
THE UNITED STATES TREASURY AT THE FEDERAL RESERVE BANK
OF NEW YORK, OR WILL SIGN AND DELIVER ON DECEMBER 15,
1976, A NOTE UNDERTAKING TO MAKE SUCH PAYMENT NO LATER
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THAN DECEMBER 20, 1976.

C. THE AMOUNT OF \$4,327,271.44 REPRESENTS \$56,235.00
OF PRINCIPAL AND \$33,185.06 OF INTEREST DUE DECEMBER 15,
1976 TOGETHER WITH \$1,3000,457.75 OF PAST DUE PRINCIPAL
URD \$2,937,393.63 OF PAST DUE INTEREST.

D. UPON NOTICE FROM THE FEDERAL RESERVE BANK OF
NEW YORK THAT \$4,327,271.44 HAS BEEN DEPOSITED TO THE
GENERAL FUND ACCOUNT OF THE UNITED STATES TREASURY,
THE GOVERNMENT OF THE UNITED STATES WILL RETURN TO THE
EMBASSY OF THE HUNGARIAN PEOPLE'S REPUBLIC IN
WASHINGTON, D.C. BONDS OF THE GOVERNMENT OF HUNGARY
MATURING ON OR PRIOR TO DECEMBER 15, 1976, PURSUANT
TO THE AGREEMENTS OF 1924 AND 1932.

E. WITHIN FIVE DAYS AFTER RECEIPT OF THE NOTICE
OF THE ABOVE DEPOSIT TO THE FEDERAL RESERVE BANK OF
NEW YORK, THE UNITED STATES DEPARTMENT OF THE TREASURY
WILL ISSUE PUBLIC NOTIFICATION THAT THE RESTRICITONS
OF THE JOHNSON ACT (US PUBLIC LAW 80-772) NO LONGER
APPLY TO HUNGARY. THE U.S. SECURITIES AND EXCHANGE
COMMISSION (SEC), UPON OFFICIAL NOTIFICATION BY THE U.S.
DEPARTMENT OF THE TREASURY THAT THE GOVERNMENT OF HUNGARY
HAS PAID ALL CURRENT ARREARAGES, WILL PUBLISH A NOTICE
RESCINDING ITS RELEASE NO. 10610 DATED JANUARY 22,
1974. THE U.S. DEPARTMENT OF THE TREASURY WILL SO INFORM
THE SEC WITHIN THREE DAYS AFTER RECEIPT OF NOTICE OF THE
ABOVE DEPOSIT.

F. THE RESTRICTIONS OF THE JOHNSON ACT WILL CON-
TINUE TO BE INAPPLICABLE TO THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC SO LONG AS IT IS NOT IN
DEFAULT OF PAYMENTS OR OBLIGATIONS DUE THE GOVERNMENT
OF THE UNITED STATES.

G. ATTACHED AS PART OF THIS NOTE (ANNEX A) IS A
SCHEDEULE OF HUNGARIAN PAYMENTS DUE UNDER THE AGREE-
MENTS OF APRIL 25, 1924, AND MAY 27, 1932, THROUGH
DECEMBER 15, 1985.

#. COMPLEMENTARY CLOSE..END QUOTE.

2. WILL CALL 1000 HOURS WASHINGTON TIME DECEMBER 16.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, TEXT, WORLD WAR I, DIPLOMATIC NOTES, WAR DEBTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUDAPE04180
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760461-0309
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761238/aaaabgtd.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 BUDAPEST 4175, 76 STATE 302703
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 29 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 APR 2004 by hartledg>; APPROVED <18 AUG 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WORLD WAR I FLOUR DEBT
TAGS: EFIN, HU, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006